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Appendix E

CLASSIFICATION OF INDUSTRIES BY MAJOR AND MINOR INDUSTRIAL GROUPS

MAJOR INDUSTRIAL GROUPS

The major industrial groups upon which this study has been based are:

Food	Chemicals
Liquors	Petroleum
Tobacco	Stone, clay, glass
Textiles	Metals
Clothing	Motor vehicles
Leather	Mining
Rubber	Construction
Forest products	Wholesale trade
Paper	Retail trade
Printing	

DIFFERENCES IN THE FINANCIAL STRUCTURE OF PRODUCERS' AND CONSUMERS' GOODS INDUSTRIES

To test whether the financial structure of an industry differs according to whether it is primarily engaged in making producers' or consumers' goods, a rough classification of the 48 minor divisions in manufacturing has been made, and the difference between the average value of selected ratios in the two groups has been tested statistically. The classification employed and the results of the statistical tests, based on the computation of R. A. Fisher's t-coefficient, are listed below. A 5 percent level of statistical significance was employed.

*Classification of Minor Industrial Groups According
to Producers' and Consumers' Goods Industries*

Producers' Goods

Chemicals	Electrical machinery
Paints, varnishes	Miscellaneous machinery
Fertilizers	Office equipment
Stone, clay, glass	Metal building materials
Iron and steel	Hardware
Locomotives and r.r. equipment	Other metals
Factory machinery	Airplanes
Agricultural machinery	Shipbuilding

Consumers' Goods

Bakery products	Boots, shoes
Canned products	Other leather products
Mill products	Tires and tubes
Packing house products	Other rubber products
Sugar refining	Bone, celluloid, etc.
Other food	Sawmill products
Soft drinks	Other wood products
Liquors	Paper, pulp, and products
Tobacco products	Printing and publishing
Cotton goods	Allied chemicals
Woolens and worsteds	Petroleum and other oil products
Silk and rayon	Household machinery
Carpets	Precious metals
Textiles, not elsewhere classified	Motor vehicles
Knit goods	Radios
Clothing and apparel	Musical instruments

SIGNIFICANCE OF DIFFERENCES IN FINANCIAL RATIOS BETWEEN PRODUCERS' AND CONSUMERS' GOODS INDUSTRIES

Ratio	Result	Average Ratio	
		Producers' Goods	Consumers' Goods
Receivables/total assets	Nonsignificant	13.8%	14.5%
Receivables/sales	Significant	15.8	11.5
Inventory/total assets	Nonsignificant	22.5	24.8
Inventory/sales	Significant	22.2	16.3
Fixed capital assets/total assets	Nonsignificant	36.3	34.1
Fixed capital assets/sales	Significant	43.0	30.3
Other investments/total assets	Nonsignificant	13.7	12.3
Notes payable/total assets	Significant	4.0	6.5
Notes payable/sales	Nonsignificant	4.7	5.2
Accounts payable/sales	Significant	9.1	6.5
Bonds, mortgages/total assets	Nonsignificant	8.3	7.1
Capital stock/total assets	Nonsignificant	46.1	45.7
Net worth/total debt	Nonsignificant	3.3	3.0
Invested capital/fixed capital assets	Nonsignificant	244.2	278.0
Total assets/sales	Significant	111.0	71.5
Net income/net worth	Nonsignificant	8.7	6.0
Current assets/current liabilities ^a	Nonsignificant	2.8 ^a	2.6 ^a
Current assets/total assets	Nonsignificant	44.8	47.7
Current assets/sales	Significant	51.2	38.1
Current liabilities/total assets	Nonsignificant	16.7	18.8
Current liabilities/sales	Significant	19.2	13.4

^a In times.

In addition to the 48 minor industrial divisions listed above, the following minor industrial divisions have been included in our study:

Oil and gas	Wholesale trade
Anthracite	Retail trade
Bituminous coal	Wholesale and retail trade
Metal mining	All other trade
Other mining	Construction
Mining, not elsewhere classified	Other construction
Commission merchants	

The divisions of retail trade for which balance-sheet data are provided in *Statistics of Income for 1938* are as follows:

DIVISIONS OF RETAIL TRADE

Department stores, general merchandise	Eating and drinking places
Limited price variety	Dealers in autos, accessories, tires, tubes, batteries
Mail-order houses	Filling stations
Food stores	Hardware
Package liquor	Lumber and coal
Drugstores	Other retail
Apparel	Retail not allocable
Furniture, house furnishings	

14.9%
11.5
24.8
16.3
34.1
30.3
12.3
6.5
5.2
6.5
7.1
45.7
3.0
278.6
71.5
6.0
2.0
47.7
38.1
18.8
13.4